

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Andhra Pradesh Beverages Corporation Limited- New Procurement Policy for Beer - Orders - Issued -

REVENUE (EXCISE-II) DEPARTMENT

G.O.Ms.No. 462

Dated:19-05-2010.

Read the following:-

1. G.O. Ms. No. 1158 Revenue (Ex.III) Dept., Dated.20-11-1993.
2. From the Managing Director, AP. Beverages Corporation Limited, Lr. No. APBCL/MM/BEER/2010, Dt: 04-05-2010.

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O R D E R:

The Managing Director, Andhra Pradesh Beverages Corporation Limited in the reference second read above has stated that unlike Indian Made Foreign Liquor(other than Beer) the Beer market in Andhra Pradesh is currently being dominated by two large manufacturers, leaving very little room for other players, who are otherwise active in the rest of the country. He has further informed that the contrast between the nation-wide market for beer and the beer market in Andhra Pradesh is evident from the fact that while the two major players share approximately 75% of the national market amongst themselves the very same players occupy an overwhelming 95-96% of the beer market in Andhra Pradesh, leaving a negligible 4-5% for other players. This has lead to a situation of duopoly with its concomitant problems.

The Managing Director, Andhra Pradesh Beverages Corporation Limited has further stated that in the G.O. first read above Government envisaged uniform guidelines for procuring Indian Made Foreign Liquor and Beer. Clause (1) (vi) in the G.O reads as follows:

“The Corporation shall give appropriate weightage for existing market shares of different tenderers as also the relativity of price quoted by different manufacturers while deciding upon the quantities of IMFL to be ordered on different suppliers”.

The Managing Director, Andhra Pradesh Beverages Corporation Limited has also stated that this has resulted in near repetition of sales figures every year, thereby confining the market to only a few dominant players resulting in anti-competitive tendencies and constricting the consumer's choice for products.

The Managing Director, Andhra Pradesh Beverages Corporation Limited has therefore suggested a shift from the present procurement policy of beer to one basing on market share statistics available from a wider basket of markets in the country which would open the doors for other manufacturers/suppliers also to enter the fray leading to wider choice for the consumers and enhancement of competitive spirit.

After careful consideration, Government hereby accepts the suggestion of Managing Director, Andhra Pradesh Beverages Corporation Limited and accordingly order the Andhra Pradesh Beverage Corporation to base the Beer procurement, after the expiry of term of the current Rate Contract, on the ratio of actual sale volumes of beer being supplied by various manufacturers (who enter into the Rate Contract with Andhra Pradesh Beverages Corporation Limited) to

all the State owned Corporations (counterparts of Andhra Pradesh Beverages Corporation Limited) across India.

The Managing Director, Andhra Pradesh Beverages Corporation Limited is requested to take further action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**ASUTOSH MISHRA,
PRINCIPAL SECRETARY TO GOVERNMENT**

To
The Managing Director,
Andhra Pradesh Beverages Corporation Limited,
The Commissioner of Prohibition and Excise,
Andhra Pradesh , Hyderabad.

Copy to:

PS to Prl. Secy. to CM.
PS to Prl. Secy. to Govt.(AM)
SF/SCs.

//FORWARDED:: BY ORDER//

SECTION OFFICER